S8
F91F7

FOREIGN AGRICULTURE

OCTOBER 16, 1972

DETROIT PUBLIC LIBRARY
NOV 13 1972
TECHNOLOGY & SCIENCE

Argentine Corn Exports Fall

Wheat Situation in African and Mediterranean Countries

FOREIGN AGRICULTURAL SERVICE
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. X • No. 42 • October 16, 1972

In this issue:

2 Argentine Corn and Sorghum Exports Decline Drastically in Volume
By James P. Rudbeck

5 Mexico Remains a Growing U.S. Farm Market Despite Attempts To Expand Production

6 The Wheat Situation in North Africa and Nigeria By Fred W. Traeger

8 The Wheat Situation in the Eastern Mediterranean By Michael E. Kurtzig and Fred W. Traeger

10 Reduced Deliveries May Cause Drop in 1972 Burmese Rice Exports

11 U.S. Cattle Breeders Attend Argentine Livestock Exposition

14 Crops and Markets

This week's cover:

A Turkish farmer and his daughter ready a hillside near Ankara for wheat. Higher yielding varieties and better cultivation practices have aided output in Turkey—largest of the Eastern Mediterranean producers—and its neighbors. For a review of wheat production and trade in the Eastern Mediterranean and North Africa, see articles beginning page 6.

Earl L. Butz, Secretary of Agriculture

Carroll G. Brunthaver, Assistant Secretary for International Affairs and Commodity Programs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editorial Staff:

Kay Owsley Patterson, Editor

Janet F. Beal, Associate Editor; Patricia O. MacPherson, Mary Frances Owsley, Marcellus P. Murphy, Isabel A. Smith.

Advisory Board:

Kenneth F. McDaniel, Chairman; Anthony R. DeFelice, Elmer W. Hallowell, Robert H. Ingram, J. Don Looper, Larry B. Marton, Donald M. Rubel, Larry F. Thomasson, Quentin M. West, Joseph W. Willett.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

ARGENTINE CORN AND SORGHUM EXPORTS DECLINE DRASTICALLY IN VOLUME

By JAMES P. RUDBECK
Assistant U.S. Agricultural Attaché
Buenos Aires

Argentina ranks second only to the United States in the export of corn and grain sorghum, and over the past 10 years, has been increasing both its volume of exports and share of world trade.

In the current season, Agentina's exports will decline by around 70 percent as the recent harvests were struck by virtually every natural calamity.[1] The volume decline will likely be about 6 million tons (240 million bushels). This deficit in Argentine exportable supplies will benefit U.S. sales.

This shortrun downturn in Argentine exports should not be considered indicative of future developments as farmers are generally expected to resume their annual increases in planting, weather permitting. However, the recovery this coming year will depend on corn market prices at planting because of a sharply increased support price for the forthcoming wheat crop, additional strong competition from cattle, sunflowerseed, and soybeans, and a need to rotate continually cropped fields away from corn because of weed infestations. Grain sorghum plantings are likely to recover from last season's reduced level as this grain is widely used for either direct pasturing or pasturing of the stubble that remains after harvesting.

Grain production, and in particular

[1] Corn is generally planted August through September, harvested March through May; grain sorghum is planted September through December, harvested April through June. The marketing year for both corn and grain sorghum begins April 1. The most recent harvests were planted in 1971, harvested in 1972, and are referred to as the 1971-72 corn and grain sorghum crops, but will be marketed April 1972 through March 1973 (1972-73 marketing year).

N AND SORGHUM EXPORTS CALL VOLUME

corn, has gone through several cycles in Argentina. Corn production fluctuated widely in the early years of this century, but trended upward reaching a peak of 11.5 million tons in 1934-35 from a sown area of 7.0 million hectares. At that time, Argentine production represented nearly 10 percent of world production and exports of 9.8 million tons accounted for over 60 percent of total world trade in corn.

With the stoppage of ocean shipping during World War II, production and exports plummeted. Following the war, and while world trade in grains experienced an upsurge, Argentine production and exports remained stagnant with Government control over all grain trading and a system of low fixed prices to farmers with resale at the higher world market levels. This system discouraged not only the production and exports of corn, but of all grains; and farmers tended to shift to lower capital intensive livestock raising.

Since the reestablishment of a free market structure in the late 1950's, farmers have shown a renewed interest in corn production, as indicated by the increased annual sowings in 13 out of the past 15 years including the most recent disastrous season. The area sown to corn in 1970-71, although lower than the levels of the mid-1930's, was up 70 percent from the 1957-58 to 1959-60 average.

Yield gains have been less than impressive and the 1970-71 countrywide average of 38.9 bushels per acre, the second highest on record, was only 27 percent over the late 1950 average. However, with slightly higher yields and expanded land resources devoted to corn, production of corn in 1970-71 hit 9.9 million tons compared with a 1957-58 to 1959-60 average of 4.6 million tons.

Local consumption has not increased significantly in relation to increased production as Argentine cattle continue to be range fed and most of the production increase has gone to the export market—6.4 million tons in the most recently completed 1971-72 marketing season compared with a 2.3-million-ton average in the late 1950's.

Grain sorghum production is relatively new to Argentina. Production statistics first appeared in the early 1950's, with the first important tonnages entering the export market in the late 1950's. The expansion of grain sorghum production and exports has paralleled that of corn in recent years, and as with corn, annual sowing has been increased in 13 out of the past 15 seasons. From a 1957-58 to 1959-60 average of 648,000 tons, production jumped to 4.7 million tons by the 1970-71 season. An extension of plantings has accounted for most of this spectacular increase as the 1970-71 countrywide yield average of 33.2 bushels per acre was only 7 percent above the late 1950 average.

Sorghum has become a popular feed for the expanding poultry industry, and internal consumption has been rising somewhat faster than that of corn, thus holding some of the production rise off the world market. In the most recently completed 1971-72 marketing season, exports were 2.3 million tons compared with an average of 122,000 tons in the late 1950's. This increase has brought Argentina's share of world sorghum trade up from 6 percent to approximately 20 percent as total world trade in grain sorghum has also been rising.

Within the total grain economy of Argentina, corn and sorghum have moved into the forefront, displacing wheat in importance and greatly overshadowing the other feedgrains—barley, oats, and rye—which are currently being sown chiefly as winter pastures. From less than one-fourth of total grain plantings in the late 1950's, corn and sorghum moved forward to account for nearly half of all the grain area sown in 1970-71 and almost 60 percent of the area harvested.

With the introduction of grain sorghum and the resurgence of corn plantings, the total area devoted to grains reached a record with the 1968-69 season. The following season, although

Loading grain. Lack of storage and credit forces rapid export sales.

marked by a very slight decline in acreage, brought forth the highest volume of grain output (22.2 million tons) since 1934-35. With continued larger corn and sorghum crops, the 1970-71 total volume only declined to 20.6 million tons despite a drop in seeding and output of wheat and other feedgrains.

The end of Government grain marketing control in the late 1950's meant higher returns to farmers, and returns that reflected world market conditions and grain output versus cattle conditions as well. A weakening of cattle prices relative to grains in the early 1960's and again in the late 1960's also stimulated additional resources being devoted to grain production as farmers reduced cattle numbers in both periods.

The stronger and more sustained production trends for corn and grain sorghum over wheat and other grains are probably partially explained by the fact that corn and grain sorghum have been more remunerative crops. Also their marketing has been less encumbered.

Marketing of grains is basically conducted under free-market conditions with local prices reflecting current supply and demand situations and world prices less export taxes. Conditions for corn and grain sorghum, however, have been less encumbered than for wheat. Under the Government's support price scheme the support levels for corn and

grain sorghum have generally been well under market values and the National Grain Board has not had to move into the market to defend the official levels.

On the other hand, in several recent seasons, the Grain Board has been the principal buyer of wheat at the support level and eventually, also a major seller. This has not only meant freer trade in feedgrains, but has prevented delays in final payments to farmers as is the case with wheat purchases by the Grain Board. Freer export trade has also prevailed for feedgrains since the Government has not halted exports, as it has with wheat, to reserve quantities for bilateral Government export commitments or for local mill and consumption needs.

However, one of the most powerful factors encouraging corn and grain sorghum production is that despite larger and larger exportable surpluses each year, the Argentine farmer has yet to find himself with sizable quantities of unsold grain when the next harvest began because there has been a ready export market.

An even more marked expansion of corn and grain sorghum production has been somewhat limited by the climatic adaptability of current corn varieties and shortages of grain sorghum seed. Larger scale acceptance of corn in the southern grain regions has been restricted because current varieties are not well adapted to the shorter growing season and higher rainfall of that area. Grain sorghum has become extremely popular in the western, marginal rainfall, cattle-fattening areas. If need be, this grain can be pastured or harvested and stored for winter emergency feeding or marketed as grain.

Initially, farmers indicated that they were planning to seed virtually the same area of corn and grain sorghum this past season as in the previous one. Surveys released by the Ministry of Agriculture in October 1971, based on conditions through September, pointed to a 3-percent reduction from the previous year in corn plantings, but for a 4-percent increase in grain sorghum. Factors prevailing at that time were uneven planting conditions with excessive moisture delaying field work in the central and southern corn zones; dry conditions in the northern zones; local prices on the decline following the world markets; unseasonably large quantities of unsold grains from the previous bumper harvests still in farmers' hands; and skyrocketing cattle prices tempting farmers to switch land to cattle.

The somewhat stronger outlook for grain sorghum over corn was due to the time remaining for planting and the wide use of sorghum as a dual-purpose grain for pasture and/or harvest. Also, September is early for obtaining an accurate reading on grain sorghum and the first official estimates tend to underestimate final plantings by a wide margin. However, since the potential decline in corn would have generally been in the marginal areas, it appeared that with average weather conditions, production of corn and sorghum could have been close to the bumper levels of the previous season.

October and November followed with virtually no moisture in the key zones; the corn stands suffered and grain sorghum planting was delayed. Then in early December (the equivalent to June in the United States) a widespread frost hit the corn crop in the critical pollination stage. This was followed by hot drying winds and extreme temperatures which prevented recovery of the corn plants and dried out many newly planted sorghum fields.

Across the eastern corn zone, where there were somewhat better soil moisture reserves, there was a severe tornado-like windstorm with hail that knocked down thousands of acres of corn. In January, rains came and late sorghum planting was begun again. Generally, conditions prior to harvest reflected less than average moisture, but the highly feared early frosts that could have struck the late-sown sorghum never came.

The Ministry of Agriculture in March 1972 released a precalculation of the corn harvest that indicated a potential output of 6.0 million tons or 40 percent less than the previous year's officially estimated volume. Farming circles were claiming a much greater

(Continued on page 12)

ARGENTINA: AREA DEVOTED TO GRAINS AND PROPORTION UNDER CORN AND GRAIN SORGHUM

Crop year [1]	Area planted					Unharvested [4]	Harvested	Corn and grain sorghum as percent	
	Corn	Grain sorghum	Wheat	Others [2]	Total			Planted	Harvested
	1,000 hectares	*1,000 hectares*	*1,000 hectares*	*1,000 hectares*	*1,000 hectares*	*1,000 hectares*	*1,000 hectares*	*Percent*	*Percent*
Average:									
1957-58/59-60	2,939	610	5,270	6,378	15,197	4,741	10,456	23.3	26.3
1960-61/62-63	3,314	1,028	4,691	5,466	14,499	5,276	9,223	29.9	35.9
1963-64/65-66	3,797	1,270	6,166	4,593	15,826	4,898	10,928	32.0	35.0
1966-67/68-69	4,408	1,815	6,528	4,835	17,586	6,171	11,415	35.4	39.5
Annual:									
1969-70	4,666	2,568	6,239	4,931	18,404	5,762	12,642	39.3	46.6
1970-71	4,993	3,122	4,468	4,121	16,704	5,864	10,840	48.6	59.0
1971-72 [5]	4,439	2,759	4,986	4,485	16,669	6,978	9,691	43.2	47.1

[1] Wheat is generally planted June through August and harvested November through January. Barley, oats, and rye tend to be planted somewhat earlier than wheat, but are harvested at about the same time. Corn is generally planted August through September, harvested March through May; and grain sorghum is generally planted September through December, harvested April through June. [2] Barley, oats, rye, birdseed, and millet. [3] Mostly barley, oats, and rye. [4] Preliminary official Argentine estimates issued through August 1972.

Argentine Ministry of Agriculture and Livestock.

Mexico Remains a Growing U.S. Farm Market Despite Attempts To Expand Production

DESPITE EFFORTS to achieve self-sufficiency in agricultural production, Mexico continues as a lucrative market for U.S. farm products.

This is evidenced in the record and near-record U.S. agricultural sales to that country in the past 2 years, plus opportunities arising from Mexican efforts to expand livestock production and to broaden its social-welfare program. So far, Mexico does not seem to be a significant market for U.S. processed or convenience foods.

In support of its agricultural self-sufficiency goal, the Mexican Government protects domestic producers from foreign competition, channels investment to desired sectors, and uses foreign exchange only for essential imports.

It exerts maximum control over foreign trade through CONASUPO—its import agency. CONASUPO is responsible for importing all basic food commodities, including grains, oilseeds, fats and oils, and dairy products, authorizing such purchases only during domestic shortages or for welfare feeding.

Deficit production is still a fact of life for much of Mexican agriculture, however, and this—plus frequent crop failures and expanding consumer demand—serves to soften the effects of Mexico's restrictive trade policy.

The United States has, in fact, been able to sharply expand agricultural sales to Mexico during the past few years. In 1970, prolonged drought and reduced crops forced Mexico to seek larger imports, resulting in a record $128.3 million for U.S. agricultural sales there. U.S. shipments then fell 17 percent in calendar 1971, but they were still second only to 1970 and 59 percent above the 1967-69 average.

And despite the drop from 1970, some individual U.S. exports gained dramatically. Wheat sales, for instance, jumped 3,334 percent, or by $12.5 million, and oil cake and meal climbed 1,308 percent, or by $13.1 million. Other large increases were in nonfat dry milk, up 156 percent (or by $2.1 million); cattle, 37 percent ($1.3 million); cottonseed, 70 percent ($1.2 million); and sheep, lambs, and goats, 186 percent ($1.2 million).

These increases largely reflect changing market opportunities in Mexico as the country shifts economic priorities.

Expansion of Government welfare programs and increased industrial requirements, for instance, were responsible for the gain in imports of nonfat dried, condensed, and evaporated milk. Industrial and welfare demands are expected to grow at vigorous rates, affording opportunity to U.S. exporters.

The livestock industry represents another area of planned growth—an objective which was strengthened by a $74-million World Bank loan in May 1971 for use in agriculture, poultry, and livestock development. Sixty percent of the loan will be used to finance cattle operations, and this should spark purchases of U.S. breeding stock.

U.S. sales of breeding stock in Mexico had a dramatic turnaround in 1971. Dairy breeding stock exports in crop year 1971 rose 20 percent from the previous year to a value of $2.4 million for 5,702 head. Sales of beef stock climbed 28 percent to $2.0 million (4,902 head), and swine rose 3.1 percent to $1.1 million (11,673 head).

Opening of the Mexican market this year to imports of grade dairy cattle based on production records of the daughters of the sire is expected to be of major assistance in raising of U.S. grade dairy animals. Heretofore, imports of dairy cattle were permitted only on the basis of the dams' production records, which in the case of this type of cattle were not generally available. The action followed cooper-

(Continued on page 16)

Selling to Mexico's CONASUPO

The U.S. exporter selling basic food products—grains, oilseeds, fats and oils, animal and dairy products, and so forth—to Mexico must do business through the country's trading agency, CONASUPO, which makes its imports, as well as exports, by means of tenders.

As the need of an import tender becomes apparent, decisions are made by CONASUPO staff as to quantity, quality, positions, and grade of the products to be purchased. These facts are relayed to the Director General of CONASUPO, who makes the final decision after consulting with the Ministers of Agriculture and Finance.

The agreed-upon import tender is announced 2 days prior to the due date, both of which normally fall in the sale week. Further, all firms registered as suppliers with CONASUPO (those that have informed CONASUPO of the type of representatives maintained in the country and the representatives' powers involving letters of credit, signing of contracts, etc.) are notified by telephone that a tender is to be held and that tender terms may be picked up at CONASUPO's office.

Offers are prepared and put in the necessary letter form for CONASUPO. The local representatives gather in CONASUPO's offices at the appointed time and present the offers, along with a bid bond, which normally amounts to about 10 percent of the estimated contract value. This bid bond must be a certified check in favor of CONASUPO and is presented, along with the offer, in a sealed envelope.

A committee of five within CONASUPO then reviews all offers and prepares a listing of them, noting the lowest offer, for approval by the Director General. Generally, the lowest offer is accepted. The complete listing is read to the assembled representatives, and the decision of CONASUPO announced.

Firms winning the tender must sign an "acta" or "notarial," along with all Government officials present; this serves as a record of proceedings. The firm must leave its bid bond with CONASUPO until a letter of credit, covering 5 percent of the contract value, is opened. CONASUPO allows 10 days for the opening of the initial letter of credit. With this, a letter of credit covering the complete contract is opened by CONASUPO. Bid bonds are returned immediately to the unsuccessful firms.

Moroccans harvest wheat—a crop that is on the rise in all of North Africa.

THE WHEAT SITUATION
In North Africa and Nigeria

By FRED W. TRAEGER
Grain and Feed Division
Foreign Agricultural Service

Wheat imports by the six major wheat importers in Africa exceeded 4.6 million metric tons in 1971-72. More than 1.5 million tons were supplied by the United States—over 9 percent of total U.S. wheat exports. While the import requirement for the coming season may be as much as 1 million tons less, these six African countries will remain major markets for wheat.

The substantial reduction in import demand for wheat in Africa in 1972-73 will be largely due to exceptionally favorable growing conditions. While most of this reduction is only temporary, part is attributable to a long-term upward trend in yields—a result of newly introduced short-straw varieties and improved cultivation practices.

Although the United States has a major share of the African wheat market, competition is increasing. Australia and Canada are very competitive throughout the area, offering special price arrangements and credit. Australian FAQ wheat is preferred throughout much of the area because of its similarity to domestic wheats. The European Community is also an important supplier of filler wheats, but in some markets, U.S. or Canadian wheats are essential for blending.

The six major African wheat importing countries—Morocco, Algeria, Tunisia, Egypt, and Sudan in North Africa and Nigeria in sub-Saharan Africa—have a combined population of over 150 million, or over 40 percent of the total population of Africa.

Most of these people are concentrated into three of the continent's major population centers: The Mediterranean strip, stretching from Morocco to Tunisia; the Nile Valley, running from the Delta to the foothills of Ethiopia; and the Nigerian coast and Niger delta. These areas contain Africa's six largest cities.

Wheat is the established foodgrain in four of these countries—Egypt, Morocco, Algeria, and Tunisia. Wheat consumption is increasing in the other two, replacing sorghum in Sudan and supplementing grain-deficient diets in Nigeria.

Egypt is by far the largest importer of wheat, taking over 2 million metric tons in 1971-72. Other imports in 1971-72 included (in metric tons): Algeria, 900,000; Morocco, 700,000; Nigeria, 450,000; Tunisia, 300,000; and Sudan, 275,000.

Good weather, especially heavy rains, has pushed wheat production to record or near-record levels throughout North Africa. (Production is insignificant in Nigeria.) Import demands for 1972-73 for each country will vary, depending on domestic production, reserves, and credit, and on domestic consumption.

Tunisia. The need for wheat imports is declining. Last year's crop was a recent record of 600,000 metric tons (400,000 tons of Durum and 200,000 tons of soft wheat). This year's crop was even better—preliminary estimates predict a crop of 800,000 tons (500,000 tons of Durum and 300,000 tons of bread wheat).

The outlook for imports in 1972-73 could still go as high as 100,000 tons, if the Tunisian Government continues to take advantage of Public Law 480 and Commodity Credit Corporation financing. Last year's imports reached 300,000 tons.

Good rains pushed this year's crop to record proportions; future weather will probably be drier and will result in higher imports. Part of the higher production, however, can be attributed to a long-term upward trend in production, and future annual imports will be likely to average lower, despite increasing demand.

With the help of U.S. aid, production practices are improving rapidly. Some 160,000 acres were planted to high-yielding varieties (HYV's) for the current crop year, with acreage expected to expand to nearly 495,000 next year. About 46,000 tons of fertilizer were used this year, compared to only 16,000 tons as recently as 1968. Insecticides are also being widely used.

Algeria. Good rains boosted Algeria's 1972 wheat crop to a record 1.8 million metric tons. Yet even with this favorable harvest, past supply records indicate that at least another 400,000 tons will have to be imported to meet the demand.

If Algeria purchases 300,000-400,000 tons of wheat under its 3-year contract

Mr. Traeger is now Far East and South Asia Area Officer, FAS.

with Canada, import requirements from the United States and other suppliers may well be reduced to 100,000 tons or less.

Morocco. Weather has favored wheat production for the past 2 years and has been exceptionally good for the 1972 crop. Preliminary estimates point to a record crop of 2.6 million metric tons—an 18 percent gain over last year's 2.2-million-ton crop. About 28 percent of the 1971 crop was bread wheat and 72 percent, Durum. A larger proportion of bread wheat may be harvested in 1972, since production promotion programs have focused primarily on non-Durum wheats.

While favorable weather accounts for much of the current increase in production, HYV's and improved production practices will have a long-term effect on the total crop output. About 95,000 acres were planted in HYV's this year, and more will be planted in the future. Fertilizers, insecticides, and weed sprays are also being used in larger quantities. In addition, irrigated areas are expanding rapidly, with wheat planted in rotation with sugarbeets.

The Government has encouraged wheat production by increasing the price by 7.5 percent—to US$100 per ton for Durum and $90 per ton for bread wheat.

Consumption of wheat in 1971-72 was estimated at 2.7 million tons; this figure includes imports of about 700,000 tons—about four-fifths of which came from the United States.

Since the 1972 crop is large, imports in 1972-73 may not exceed the quantity of wheat and flour received under grants, which last season amounted to more than 100,000 tons. Some observers think that 1972-73 imports may total 100,000 to 200,000 tons, although storage problems resulting from a big crop will be likely to postpone any import purchases until late in the marketing year. Storage facilities are very limited, so there can be little additional stock building.

Egypt. This country is by far the largest wheat importer in North Africa. Wheat production is increasing as more land comes under irrigation and should approximate 1.8 million metric tons this year. Demand is growing just as fast, however, and imports in 1972-73 should equal or exceed last year's: plans call for imports of 2.25 million tons of wheat and 600,000 tons of flour.

Young Tunisian boy proudly carries a dish of local bread on his head.

Even with Egypt's large requirements, there have been no imports of U.S. wheat since 1967, when Egypt ended CCC program participation. With reentry into the CCC export program in January 1972, there is again a possibility for U.S.-Egyptian wheat trade. Present agreements provide Egypt with over $11 million in credit for U.S. agricultural products, some of which may be wheat.

Even with prospects of U.S. wheat exports at hand, however, large quantities of wheat will also be bought under 2- or 3-year credit from Australia, France, or Canada.

Egypt is said to have bought 400,000 tons of wheat from France on a June 1 tender. It expects to buy more French wheat later in the year; another 600,000-ton tender is expected to be called soon. Surprisingly, Spain is currently offering to sell flour to Egypt.

All wheat comes through the Port of Alexandria, which has only a 29-foot draft. This relatively shallow harbor cannot accommodate the large, deep-draft ships which could cut transportation costs. Alexandria has been made a free port, and the Government is granting tax exemptions to encourage investments.

Sudan. Sorghum is Sudan's traditional foodgrain and its principal grain crop. Owing to its convenience, however, bread is replacing sorghum foods in the basic diet.

Wheat production has risen steadily from 88,000 metric tons in 1969 to a record 200,000 tons in 1972. Only about 75,000 tons of domestic production moves into the commercial milling industry.

Although wheat is produced on irrigated land, yields are low and could be raised considerably with improved varieties and cultivation practices. The Government is giving wheat production increasing attention, but is receiving little foreign technical assistance.

Sudan's annual import needs are presently about 225,000-250,000 tons. Major suppliers are the United States, Canada, and Australia.

The Sudanese prefer Australian FAQ, which is much like domestically grown wheat; further, their milling process has a high extraction rate, and this white wheat gives a whiter flour. Since all imports come through Port Sudan on the Red Sea, the Australians also have a natural advantage on transportation.

Despite these factors favoring Australian wheat, credit terms and c.i.f. price are the determining factors in Sudan's purchases. A U.S. firm made the most recent sale, with 3-year CCC credit and a competitive bid for Hard Red Winter.

Sudan has seven flour mills (five of which are considered large) with a combined annual capacity of 300,000 tons of wheat. The largest, confiscated and operated by the Government, makes semolina, an 82-percent extraction flour and a 72-percent flour (both from imported wheat), and a flour made from a 60/40 blend of imported and domestic wheats. Protein contents of domestic wheats vary widely, and little attention is paid to the protein content of imported wheats.

The Government is the only importer of wheat, and mills have little to say regarding either quality or price. The price of imported wheat to the mill is fixed at $95 a ton, the same as domestic wheat, and costs the Government as much or more by the time of delivery.

Wheat consumption is increasing 10 to 15 percent annually because of increased urbanization and the relatively low controlled price of bread. The country has one large mechanized bakery, which operates at about one-third of its daily capacity of 300 bags of wheat. There are also biscuit and pasta plants in operation, and these products are becoming more popular.

(Continued on page 16)

THE WHEAT SITUATION In the Eastern Mediterranean

By MICHAEL E. KURTZIG
Foreign Demand and Competition Division
Economic Research Service
and
FRED W. TRAEGER
Grain and Feed Division
Foreign Agricultural Service

Weather has been generally favorable for wheat production throughout most of the Eastern Mediterranean this year. At least five countries in the area have record or near-record crops. Most of the increases in production can be attributed to unusually heavy rainfall; however, at least a part of the gain can be traced to high-yielding varieties of wheat and to better cultivation methods.

The six Eastern Mediterranean countries considered here—Turkey, Syria, Lebanon, Israel, Jordan, and Cyprus—along with neighboring Iran, have a combined population of over 80 million. Wheat is the traditional food grain in all seven countries, but limited rainfall has been a major factor in preventing them from being self-sufficient in grain production. Combined imports totaled over 2.6 million metric tons in 1971-72.

The generally good harvests this year should reduce the level of imports for 1972-73. As weather again returns to more normal conditions, however, imports will again be necessary. Conditions vary, of course, from country to country.

Turkey. As the largest wheat producer in the Middle East, Turkey harvested an alltime record crop in 1971, totaling 10.7 million metric tons. This production was 34 percent greater than the year before, and 19 percent more than the previous record set in 1967.

This year's wheat production is estimated at 9.5 million tons—which is above-average production. A dry fall, a severe winter, and a dry March all pointed to below-average yields. However, in April and May the rains came, and the crop prospects brightened considerably. Some areas were planted with high-yielding varieties (HYV's). Areas in the Anatolian Plateau, especially around Polatli, had good outturns. Good results were also achieved south of Adana with the high-yielding varieties.

With the large carryover stocks from the 1971 harvest and the average crop this year, Turkey will not need to import wheat this season. To the contrary, between 300,000 and 500,000 tons are available for export, with 350,000 already contracted.

In 1971-72, Turkey sold 100,000 tons of wheat to Iran, but only 12,000 were actually exported. The difficulty experienced in moving even that amount underscored the fact that Turkey is geared for grain imports, not exports.

Total wheat imports for 1971-72 totaled 559,000 tons, including 464,000 tons of U.S. wheat obtained under P.L. 480 financing. Some of this wheat arrived following the bumper crop, due to agreements made well before harvest.

Syria. The good weather which has favored wheat production throughout much of the Mediterranean has resulted in a near-record harvest in Syria. Although the increases are attributed mostly to rainfall, there have been plantings of Mexican HYV's.

Of the 1972 grain harvest of about 1.6 million tons, 400,000 tons of wheat and 100,000 tons of barley are expected to be sold commercially, with the balance remaining in producing areas for local consumption. Floods which hit some areas of the country did no damage to grain crops.

Prospects for imports of wheat are reduced and both wheat and barley will be exported in 1972-73; however, some bread wheat will be imported for blending purposes.

Syria has already announced the sale of 150,000 tons of Durum, but the destination was not disclosed. Any further exports will likely be limited in quantity.

Lebanon. After an exceptionally good growing season, wheat production reached 60,000 metric tons, up from 45,000 tons in 1971. Expanded total acreage and larger plantings of HYV's also contributed to the gain.

Larger stocks and higher domestic production are expected to cut this season's wheat imports slightly from the 1971-72 level of 356,000 tons. Imports for 1972-73 are expected to total about 330,000 tons, while flour imports may reach 28,000 tons.

The United States supplied about 165,000 tons of wheat in 1971-72, including 67,000 tons under P.L. 480. Both Australia and Canada have been selling wheat to Lebanon under agreements with special price provisions.

At times, limited silo space has delayed imports of wheat and other grains. The port silo has a capacity for 105,000 tons, but plans call for an expansion to 150,000 tons. Since the Port of Beirut can take deep-draft vessels, sufficiently increased port storage could allow Lebanon to take large shipments at reduced freight rates and then to reexport to nearby grain importing countries.

The price of bread is controlled, and its relatively low price, along with increasing tourism, are expanding consumption faster than the population growth. The Government is the only importer of wheat, which it sells to mills at a fixed price in order to maintain the price of flour. The prices vary with quality, but usually the Government loses money on the transaction. Domestic wheat is purchased at prices ranging from US$91 to $114 per ton, depending on quality.

Jordan. The 1972 wheat crop is near record and is estimated at 263,000 metric tons—208,000 tons from the East Bank and 55,000 tons from the Israeli-occupied West Bank. (This compares with a total crop of 222,000 tons in 1971.) Much of the increase can be attributed to heavy precipitation during the winter months, which was double that of the previous year.

Jordan is moving forward with modern cultivation methods. About 2,000 hectares of wheat were fertilized this year, almost 1 percent of the total areas planted to wheat; 0.5 percent was sprayed with insecticides, the highest amount ever. Both are new practices in Jordan. Efforts are currently underway to increase wheat production and yields

in semi-arid areas.

Domestic wheat production on the East Bank will satisfy about 77 percent of Jordan's demand. Imports for the current crop year are forecast at 125,000 tons. The United States will likely contribute 95,000 tons of this amount, most under P.L. 480. This includes the U.S. share of wheat and flour made available to the United Nations Relief and Works Agency for Palestine refugees and to the World Food Program.

Israel. This year's wheat crop is the largest on record—280,000 metric tons—24 percent larger than the previous record set in 1967. Good rainfall, improved varieties, and extension of auxiliary irrigation were major reasons for increased production. This large crop comes on the heels of an above-average crop of 195,000 tons in 1971.

A record crop will create storage problems, since late shipments (due to the east coast dock strike late last year) are entering the country from the United States. Unused air strips and roads will now have to be used as storage areas.

Israel is an importer of wheat, and the United States continues to be the major supplier. In calender 1971, 281,000 tons of wheat were imported, almost all from the United States and more than 43 percent under P.L. 480 agreements. Wheat imports for calender 1972 are estimated at 335,000 tons—a smaller increase than would occur during a normal crop year.

Wheat consumption increased by 10.7 percent in 1971, almost entirely due to increased sales in the occupied West Bank of Jordan. With this year's excellent crop on the West Bank, these requirements are expected to drop. Consequently, total Israeli consumption is expected to be somewhat lower in 1972.

Israel has continued to work with new HYV's, which accounted for about 70 percent of this year's wheat plantings. (About 58 percent of the wheat areas were planted to HYV's in 1971.)

Iran. Preliminary reports predict a sharp recovery from last year's extremely poor wheat harvest: Estimates call for production of about 4.1 million metric tons. If this estimate is realized, it would be the second largest crop in Iran's history, exceeded only by the record 4.4-million-ton crop of 1968.

Plans call for increased production, including expanded acreage of HYV's and an additional 500,000 hectares under wheat cultivation within the next 2 years.

Last year's harvest of 3.0 million tons was the smallest since 1965. Imports have been heavy. During fiscal 1971 and 1972, the United States supplied 687,000 tons, including 357,000 tons under P.L. 480 agreements.

Iran will have to continue imports of wheat during the next few years in order to meet its annual requirements of 4.3-4.5 million tons. Import requirements for fiscal 1973 are forecast at about 500,000 tons.

Cyprus. An extreme drought and heavy hailstorms have severely damaged this year's wheat crop. Production estimates are unavailable, but the harvest was certainly well below last season's 91,000 metric tons and could easily fall as low as the 49,000-ton shortfall crop of 1970. This very poor harvest will undoubtedly increase the import requirement of this grain-deficit island.

Turkish women ready to thresh. Turkey, biggest Middle East producer, had record 1971 harvest.

Grain imports being unloaded at an Eastern Mediterranean port.

Reduced Deliveries May Cause Drop In 1972 Burmese Rice Exports

Burma's 1971 rice crop was larger than the previous year's, but because of reduced deliveries to the Government, 1972 exports will probably be smaller than originally expected.

Paddy output increased by 3 percent in 1971 to about 8.3 million tons, but 1972 exports (to be made mostly from the 1971 harvest) had only totaled 430,000 tons in the first part of the year. This was some 370,000 tons less than the original Burmese Government export target. At the present time, all Burmese rice exports have been halted but they will be started again when the current crop is harvested in November and December.

The Burmese Government is the country's only legal exporter of rice which is bought at a fixed price. Rice prices in open markets outside the Government distribution system increased in 1971, but the Government paid the same low price it had during the previous two seasons. As a result, farmers cut back deliveries to Government agents by more than 50 percent of the previous year's total.

The farmers have not wanted for customers, however. Owing to rising urban demand, they have sold much of their crop in the cities at higher prices than those offered by the Government and considerably above the approximately $80-per-ton open-market average price paid for rice during 1971.

Burma's exports have followed an erratic, generally downward path since at least 1960. Totaling 1.75 million tons in that year, they fell off to 347,000 tons in 1968, but recovered slightly and reached 812,000 tons last year. If the Government is able to export no more than the 800,000 tons it had targeted for foreign sales, this volume could mark a halt in Burma's recovery pattern.

The Philippines, Bangladesh, and Sri Lanka (Ceylon) were important customers for Burmese rice in 1971 and their increasing requirements have affected not only Burmese rice prices, but Asian prices in general. Most of these customers (and others) would have increased their purchases of Burmese rice in 1972 if more had been available. However, a number of early foreign offers to buy rice had to be turned down or greatly reduced because of the shortage.

The People's Republic of China purchased 203,000 metric tons of Burmese rice this year for $81 per ton before the Government's rice shortage became serious. All Chinese purchases in 1972 were made for delivery to Sri Lanka under the rubber-rice trade agreement between the two countries.

The Chinese prefer to export manufactures to Burma and obtain rice there

France Buys U.S. Swine For Breeding Experiment

France has imported what may be its first shipment of U.S. purebred hogs for use in an experimental breeding program. The French want to increase pork production and if the experiment proves successful, more imports could follow.

The 161 Hampshire hogs had been purchased by a French animal research and development association (U.F.A.C.) financed by a combination of regional mixed-feed formulators and were airshipped to France in early July. The swine were selected from a wide variety of U.S. bloodlines and will be crossbred with Belgian Landrace swine.

The purchaser of the U.S. swine, U.F.A.C., is one of France's largest mixed-feed manufacturers and now produces about 1 million tons of formulated feeds in 50 plants scattered throughout the country.

Soviet Cotton Production High Again

In spite of the poor weather that has played havoc with other Soviet crops this season, the 1972-73 cotton crop promises to equal or perhaps slightly exceed last year's record outturn, according to revised Soviet crop estimates. The Soviet Union normally harvests its cotton between September and November and reports indicate that this season early harvesting was underway by September 8 in four of the six cotton Republics. One-fourth of the cotton in Azerbaidzhan (the fourth largest producing Republic) was already harvested by that date. The new Soviet crop estimate represents a 7.5 percent increase from earlier estimates, or a hike of almost 800,000 bales (480 lb. net). The crop is now placed at about 11.1 million bales, the same as last year.

Soviet cotton is grown mainly in Central Asia, near the Iranian/Afghanistan/Chinese border and east of the Caspian Sea. Virtually all of the cotton land is irrigated and was not subject to the drought and heavy rains that harmed other Soviet crops further north.

Soviet cotton production has expanded rapidly in recent years, rising from 9.3 million bales in 1967-68 and 1968-69 to 10.8 million bales in 1970-71, and then topping 11 million last season. The increase is due to larger acreage and improved yields aided by excellent weather. The Soviet Union has been the world's largest cotton producer in three out of the last five seasons, but this season the United States is expected to out-produce the USSR by 2 million bales or more. A second large Soviet crop this season, however, may mean increased competition from Soviet cotton in traditional U.S. markets abroad.

for delivery to Ceylon rather than to send grain directly from China as set forth in the agreement.

Because of Burma's low rice prices and savings in transportation costs, the Chinese have fulfilled most of their obligations to deliver rice to Ceylon in the past 2 years with Burmese rice.

Bangladesh had planned to purchase up to 250,000 tons of rice from Burma in 1972. It recently took 65,000 tons of rice at $94 per ton in exchange for jute bags. Prospects for additional purchases in Burma by the Government of Bangladesh (or by others on its behalf) in 1972 are dim. Officials of the World Food Program recently purchased 15,000 tons of rice in Burma for delivery to Bangladesh.

Some other confirmed Burmese rice sales for delivery in 1972 include: The Soviet Union, 27,000 tons; Mauritius, 51,000 tons; and Kuwait, 10,000 tons. It now appears that no sales will be made to India or the Philippines which together purchased 101,000 tons of Burmese rice in 1971.

In the meantime, because of the hiatus in Burma's rice exports, some other suppliers have increased exports to traditional Burmese markets.

—By JOHN B. PARKER, JR.
Foreign Demand and Competition Division
Economic Research Service

World Bank Approves $7.5 Million Loan for Philippine Program

The World Bank recently approved a loan of $7.5 million to the Philippine Government to be used to carry out its livestock development program by providing funds for supervised credit to farmers.

The loan is expected to finance almost 50 percent of the Philippine Government's livestock development project which will cost $15.5 million. Of the remaining $8 million needed for the project, $5.5 million is to come from the Philippine Development Bank and other domestic banks, and $2.5 million from loan recipients.

Seventy percent of the project's funds will go for swine and poultry development with the greatest number of loans (600) going for pig breeding and fattening projects. A total of 1,478 loans will be made.

U.S. CATTLE BREEDERS ATTEND ARGENTINE LIVESTOCK EXPOSITION

Angus judges making final selection at Palermo Exposition.

The 26th Livestock Exposition at Palermo, Argentina, July 8-August 6, attracted a record attendance, saw an increase in the number of animals exhibited, and set a record for the amount of money paid during the animal auctions. It also offered an opportunity for U.S. breed representatives to visit local ranches and make contacts which could result in future sales of U.S. breeding stock.

During the ranch visits, a number of local breeders expressed an interest in visiting the United States to buy U.S. beef breeding cattle. Several made firm commitments to come to this country and some sales of high-quality breeding cattle, particularly Angus and Polled Herefords, are expected to result. The number of cattle purchased from U.S. breeders will probably not be large in terms of volume, but the animals will be of high quality.

During the exposition, receipts from the livestock auction reached nearly $2.7 million, most of which came from the sale of cattle. An Angus bull brought the show's top price—$50,000. The grand champion Angus bull sold for $43,000, while the reserve grand champion bull brought $30,000. Other premium prices were paid for the junior champion bull ($30,000), a 2-year-old second premium bull ($47,000), the grand champion horned Hereford bull ($36,000), and the Polled Hereford champion bull ($28,000). Some 206 Angus, 62 Hereford, and 49 Polled Hereford bulls brought an average price of around $5,000.

Among the visitors to the event were several high Government officials, including the President of Paraguay, Ministers of Agriculture from a number of South American and European countries, and delegates from the European Community and the Organization of American States. U.S. representatives attending the show included officials of the American Polled Hereford Association, the Aberdeen Angus Association, a top officer of an American Angus corporation, and Ivan Strickler, a U.S. Holstein breeder who served as one of the exposition's cattle judges.

—Based on dispatch from DALTON L. WILSON
U.S. Agricultural Attaché, Buenos Aires

Argentine Corn and Sorghum Exports

(*Continued from page 4*)

reduction and a lower volume at that time, but generally most quarters tend to agree with the Ministry's third and final estimate of 5.86 million tons issued in August.

The area sown to corn is given by the Ministry of Agriculture at 4.4 million hectares, 11 percent less than in the previous year, while the harvested area was equivalent to only 71 percent of the plantings reflecting widespread abandonment, confirming reports that many farmers had chosen to turn their cattle into corn fields that showed extremely low yield potentials. Normal abandonment is around 15 to 20 percent. The country's average yield was only 29.7 bushels, 24 percent below the preceding season's and 17 percent less than the recent 3-year average.

The first estimate by the Agricultural Ministry of grain sorghum production was 2.6 million tons, 44 percent less than in the previous year. The Ministry subsequently lowered this estimate issued in March to 2.36 million tons in July. Initially, many circles felt that the volume would not exceed 2 million tons, but since the very late-sown fields escaped early frosts and in some areas received ample late rains, the general consensus is that production may in fact be more than the latest official calculation.

The planted area given with the latest official sorghum estimate is 12 percent less than the record of the previous year while the percentage harvested is 51 percent compared with over 70 percent in recent years. This indicates that as with corn, there was much direct cattle feeding in the fields. Average yield is 26.5 bushels, or 20 percent less than for the 1970-71 crop and 17 percent less than the recent 3-year average.

The exportable surplus is more difficult to figure this year than in the past. With such a sharp decline in production combined with strong internal demand and high export taxes (35.3 percent for corn and grain sorghum), local prices are having a greater pull than normal. Internal use of all grains is thought to be up, although there are no good statistics to confirm this and domestic disappearance is usually calculated as a residual and subject to shortcomings of other available statistics, namely production estimates.

Generally, at harvesttime and shortly thereafter, Argentine corn and sorghum are quoted at near to or at a discount to U.S. products in world markets as local producers are under pressure to sell large quantities due to insufficient storage space and a need for ready cash in the absence of credit facilities. However, this year in the April through June period, Argentine corn at Rotterdam was nominally offered at $10 to $12 per ton over U.S. corn. In the same period last year, Argentine corn was occasionally quoted at a discount for forward positions, but seldom more than $2 or $3 over U.S. corn in the same market.

Local feeding of grain to poultry and hogs is generally felt to be currently heavy due to a desire to boost production of these products to meet a beef shortage created by reduced cattle slaughter, extremely high beef prices,

ARGENTINA: CORN AND GRAIN SORGHUM SUPPLY AND DISTRIBUTION

Marketing year [1]	Area			Supply			Distribution		
	Planted	Harvested	Yield	Production	Beginning stocks [2]	Total	Domestic	Exports	Ending stocks [2]
	1,000 hectares	*1,000 hectares*	*Qu./ha.*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Corn									
Average:									
1958-59/60-61	2,939	2,408	19.2	4,615	179	4,794	2,364	2,296	134
1961-62/63-64	3,314	2,715	17.7	4,810	20	4,830	2,357	2,439	34
1964-65/66-67	3,797	3,103	18.8	5,843	38	5,881	2,476	3,384	21
1967-68/69-70	4,408	3,461	21.1	7,307	19	7,326	3,467	3,841	18
Annual:									
1970-71	4,666	4,013	23.3	9,360	8	9,368	3,886	5,464	18
1971-72	4,993	4,066	24.4	9,930	18	9,948	3,410	6,418	120
1972-73 [3]	4,430	3,114	18.6	5,800	120	5,920	3,900	2,000	20
Grain sorghum									
Average:									
1958-59/60-61	610	343	19.6	648	7	655	531	122	2
1961-62/63-64	1,028	591	20.3	1,199	9	1,208	772	422	14
1964-65/66-67	1,270	716	19.2	1,418	16	1,434	800	622	12
1967-68/69-70	1,815	1,050	18.2	1,920	10	1,930	1,024	899	7
Annual:									
1970-71	2,568	1,872	20.4	3,820	3	3,823	2,112	1,703	8
1971-72	3,122	2,235	20.9	4,660	8	4,668	2,324	2,288	56
1972-73 [3]	2,598	1,377	17.1	[4] 2,600	56	2,656	2,150	500	6

[1] Marketing year begins April 1 in first year indicated and ends March 31 in second year indicated. Production, from plantings in previous year, is harvested in first year indicated, 1972-73 marketings are from 1971-72 crop. [2] Registered commercial stocks, excludes farm stocks. [3] Forecast. [4] Estimate by Office of U.S. Agricultural Attaché, Buenos Aires. Area planted and harvested and yield correspond to Argentine Ministry of Agriculture estimate of 2.36 million tons.

Area, yield, and production, Argentine Ministry of Agriculture and Livestock, except as indicated. Exports and stocks, Argentine National Grain Board. Domestic distribution is a residual.

and an official policy of diverting beef to the export market by imposing restrictions on local consumption. With spiraling meat and cattle prices up more than grains, there is even some cattle feeding being attempted, although Argentine cattle normally are only range fed.

With corn production of around 5.8 million tons, or slightly higher, the exportable surplus is anticipated to be approximately 2 million tons for the 1972-73 marketing year. However, if export taxes were reduced, possibly slightly more might be exported as purchasing power for exporters would be increased and they could bid more grain away from the local market.

The late grain sorghum harvest is proving to be much larger than earlier expectations and possibly as much as 500,000 tons may be available for export, if the export taxes were lowered. In 1971-72, 6.4 million tons of corn and 2.3 million tons of grain sorghum were exported for a total of 8.7 million tons. Prospects in late August indicated that the volume could fall by as much as 6 million tons (240 million bushels) this marketing year. If exports decline this much, it would represent a 70-percent drop and would be equivalent to 18 percent of last year's total world exports of corn and grain sorghum.

Traditionally, Italy and Spain are the principal markets for Argentine corn. In 1971 these two countries took 70 percent of all shipments. These markets prefer the Argentine flint corn that is high in carotene. Because of these preferences, Italy and Spain normally pay a preference for the Argentine product over U.S. dent corn.

Japan is generally the major market for Argentine sorghum as the European Community system with its threshold prices and import levies, wipes out the market price differentials which usually reflect the slightly lower feeding value of sorghum relative to corn. Japan generally takes around 60 percent of Argentina's sorghum exports.

The sharply reduced level of exportable corn and grain sorghum supplies is already being reflected in actual export movements. Corn exports are down to 1.1 million tons, a 69-percent drop in the first 5 months (April-August) of the current 1972-73 market year compared with exports of 3.6 million tons in the same period a year earlier. Grain sorghum exports of 203,000 tons are down 87 percent compared with exports of 1.6 million a year earlier. Not all of this decline is attributable to lower production.

Corn production in Argentina this season has been struck by many calamities resulting in lower yields. Recovery will depend on market prices at planting.

Exporters claimed that with the current levels of export taxes and export index values, they were unable to bid grain away from local feeders at prices that would permit them to meet foreign competition. As of late August, corn and grain sorghum were being charged an export tax of 31.0 percent plus 4.3 percent of several smaller fixed taxes. These taxes were charged against an export index value of $59 per metric ton on corn and $49 on sorghum.

The index values are adjusted periodically and are supposed to reflect world prices f.o.b. Argentina. The export index values also represent the minimum foreign exchange exporters are obligated to return to the country, and as such, are an impediment to exports when the index values are high relative to actual export market conditions, which has been the case several times this year.

In addition to export taxes, the exchange rate formula is cited as not being realistic and a hindrance to export sales. As of late August, exporters were obligated to exchange 26 percent of their receipts at the fixed official commercial exchange rate of 5.00 pesos = US$1 and 74 percent at the fluctuating financial rate which was around 9.93 pesos = US$1 in early July. Thus exporters were operating with a composite exchange rate of 8.17 pesos = US$1. Many rural as well as export organizations claim that this differential exchange rate is an added export tax and they point out that the total export tax incidence is around 45 percent on corn and grain sorghum.

Another indication of the current export dilemma has been the almost constant refusal of port elevators to accept grain arriving from the countryside. During a normal year, the principal port elevators at Rosario and Buenos Aires, which serve as terminal elevators, are closed periodically to incoming grain, but reopen as vessels are loaded.

This season, between March and June, these elevators have been open only a few weeks as the turnover has been so low despite the extremely reduced export supply. This presents a problem to local farmers as they are not paid for their grain until it is unloaded at the port elevators.

The backlog at the ports not only stems from the reduced level of export sales but is also complicated by large amounts of wheat accumulated at these points by the National Grain Board under the price support scheme. These tonnages are being reserved there for later export to Brazil under a bilateral agreement or for sale to local millers.

Another factor has been the relatively low, by world standards, charges for storage which have encouraged some foreign buyers to leave grain in Argentina awaiting an appropriate time for scheduling ships and loading. In July the Grain Board sharply raised the storage fees with escalating charges for longer periods.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 11	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.70	−8	1.93
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	2.62	+3	1.66
U.S. No. 2 Dark Northern Spring:			
14 percent	2.48	−1	1.82
15 percent	2.59	+6	1.97
U.S. No. 2 Hard Winter:			
13.5 percent	2.48	−4	1.78
No. 3 Hard Amber Durum	2.59	−8	1.74
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.72
Feedgrains:			
U.S. No. 3 Yellow corn	1.66	−4	1.32
Argentine Plate corn	2.05	0	1.51
U.S. No. 2 sorghum	1.73	−1	1.33
Argentine-Granifero sorghum	1.74	−2	1.34
U.S. No. 3 Feed barley	1.64	−2	.96
Soybeans:			
U.S. No. 2 Yellow	3.78	−1	3.39
EC import levies:			
Wheat[3]	[4] 1.31	+5	1.54
Corn[5]	[4] 1.16	+3	1.08
Sorghum[5]	[4] 1.04	0	1.09

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries. Note: Basis 30- to 60-day delivery.

U.K. Grain Production Figures Revised

Total U.K. grain production is forecast at 15.4 million tons, about 2 percent above that of 1971. Good weather conditions in August increased the yield forecast. Wheat production is now put at 4.7 million tons (2.5 percent below 1971), and barley production is above 1971's by 640,000 tons (7.5 percent), at 9.2 million tons.

EC Commission Estimates 1972-73 Grain Crop at 1971-72 Level

The most recent EC Commission crop estimate puts total EC grain production at 76.8 million tons, the same as last year. Corn production is estimated at 14.4 million tons, 500,000 tons more than 1971; barley production, at 16.8 million tons, 700,000 tons over 1971; and wheat production, at 33.7 million tons, down 500,000 tons from last year. The production of oats, rye, and other grains is also down about 700,000 tons.

World Production Of Oats Declines

World oat production in 1972 is estimated at 49 million tons, down 10 percent for the year and 3 percent below that of 1966-70. Yields were lower generally than the record highs of 1971.

A detailed table appears in the September *World Agricultural Production and Trade—Statistical Report.*

OAT PRODUCTION IN SPECIFIED AREAS

[In thousands of metric tons]

Area	1971	1972
Canada	5,606	4,515
United States	12,712	10,607
France	3,137	2,803
West Germany	4,113	3,940
Sweden	1,867	1,920
Poland	3,205	2,801
USSR	12,100	11,600
Others	11,929	10,937
Total	54,669	49,123

People's Republic of China Buys Wheat From Australia

The Australian Wheat Board announced the sale of 1 million tons of wheat to the People's Republic of China. The Board reported that the sale could be valued above $78 million and the delivery period is calendar 1973. Payment is to be in hard currency within 12 months of delivery. The sale signals the reopening of business relationship between the Board and the PRC after 2 years of suspension.

DAIRY AND POULTRY

U.K. Price Stabilization Plan for Eggs Abandoned

The Egg Authority of the United Kingdom has abandoned its proposal for stabilizing egg prices in the United Kingdom through intervention in the market by buying eggs for breaking and processing. The scheme, which would have established a floor price through a voluntary levy on producers, failed to achieve the support of 65 percent of total national production which was considered to be the

minimum support level for successful operation of the scheme.

The National Farmers' Union, reportedly, has expressed keen disappointment at the failure of the proposal to get off the ground. The Union fears that many small egg producers will now be driven out of business, leading eventually to a cut in U.K. production, higher prices to consumers, and an increased demand for imported eggs.

SUGAR AND TROPICAL PRODUCTS

South Africa Withdraws Sugar From World Market

A South African sugar industry spokesman said last month that the country had sold all of the sugar available for export and would not be able to reenter the world market until reliable figures on the current crop are available and adequate carryover stocks are insured. It has also been announced that contracts to Japan for another 159,000 metric tons already have been signed, in addition to the basic commitment of 350,000 tons for 1972.

In an effort to cut costs and expand production, the South Africa Sugar Association has allocated an estimated $6.25 million for research on the construction of cane-cutting machinery suitable for operating on South Africa's hilly terrain. This machinery is needed to alleviate South Africa's shortage of cane-cutting labor.

FRUITS, NUTS, AND VEGETABLES

Argentine Pack Of Dried Fruit Smaller

Argentina reports smaller 1972 packs of dried prunes and raisins. Late frost, hail storms, and hot drying winds reduced 1972 raisin production to 2,900 short tons, 29 percent below last year's and 45 percent below the 1965-69 average. Dried prune production surpassed early expectations to total 3,900 tons, a 38-percent drop from 1971.

Argentine 1972 prune exports are forecast sharply below the 1971 levels of 4,740 tons while raisin and currant exports are expected to approximate the 1971 level of 950 tons. Brazil, West Germany, the United Kingdom, and Mexico were the major buyers of Argentine dried fruit during the first 6 months of 1972.

ARGENTINE PRODUCTION OF DRIED FRUIT
[In thousands of short tons]

Item	1970	1971	1972
Prunes	6.8	6.3	3.9
Raisins and currants	3.3	4.1	2.9
Total	10.1	10.4	6.8

Portugal's Dried Fig Crop Shrinks

Heavy rains during harvest, a serious labor shortage, and declining acreage contributed to a smaller 1972 Portuguese dried fig crop. Production is estimated at 6,000 short tons, 31 percent below the 8,800 tons produced last year.

The bulk of Portugal's exportable fig crop originates in the Algarve area, where an expanding tourist industry has caused a labor shortage for agriculture.

The smaller crop is expected to cause reduced 1972-73 exports of dried figs and fig paste. Total 1971-72 exports of both products are estimated at 5,200 tons. Angola and Brazil led in purchases of dried figs; the United States, in purchases of paste.

FATS, OILS, AND OILSEEDS

U.S. Exports 10,000 Tons Of Linseed Oil to USSR

In August 1972, the United States exported 10,000 tons of linseed oil to the Soviet Union, the first such trade under the USDA export subsidy program. While the USSR had indicated an interest in U.S. linseed oil as early as 1970, only Argentine oil is known to have been purchased in recent years. In the USSR, linseed oil is generally used industrially, although in Europe, cold-pressed linseed oil from the Soviet Union is also used for food.

Canada's October Forecasts Of 1972 Oilseed Crops

Oilseed production forecasts for 1972, released October 5 by *Statistic Canada*, indicated rapeseed production at 58 million bushels, slightly below last month's estimate of 59.5 million and 39 percent below the 1971 crop of 95 million bushels.

Flaxseed production, at 18.5 million bushels, showed some gain over the 18.3 million forecast in September. As compared with last year's crop of 22.3 million bushels, however, flaxseed production in 1972 will be down 17 percent or 3.8 million bushels.

The first production estimate for soybeans boosted 1972 production to 12.96 million bushels—up 2.73 million from last year's outturn of 10.93 million bushels.

All estimates were based on conditions as of September 15.

GENERAL

Australia To Terminate Tariff Preferences to United Kingdom

The Australian Government recently announced that the U.K.-Australian Trade Agreement will be terminated on February 1, 1973. Under the 1957 agreement Australia bound existing margins of preference in the Australian tariff schedule to the United Kingdom in return for U.K. trade concessions. These tariff preferences are to be phased out gradually and withdrawn when the agreement expires.

After February 1973 Australian preferential rates will exist only for certain items imported from Canada, New Zealand, Papua New Guinea; for a limited range of commodities from former or existing U.K. dependencies; and for imports from less developed countries affected by their generalized preference scheme.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

U.S.MAIL

First Class

If you no longer wish to receive this publication, please check here ☐ and return this sheet, or addressed portion of envelope in which publication was mailed.

If your address should be changed ☐ PRINT or TYPE the new address, including ZIP CODE, and return the whole sheet to:

Foreign Agricultural Service, Rm. 5918
U.S. Department of Agriculture
Washington, D.C. 20250

This publication is being mailed First Class to take advantage of cheaper mailing rates available under Public Law 91-375, May 16, 1971.

FOREIGN AGRICULTURE

Wheat in North Africa and Nigeria (Continued from page 7)

Nigeria. With the possible exception of Egypt, Nigeria is the most promising market for wheat in all of Africa and the Middle East. It is the most populous country in Africa and has a booming economy.

Wheat production, currently about 12,000 tons annually, is mostly consumed in native dishes and is unlikely to ever come close to offsetting the growing demand for milling wheat. Although Government policy promotes wheat production (and international aid is being given to this effort), the results thus far have been minimal and will probably remain so, owing to the unfavorable climate and to the economic advantages of producing other crops.

Wheat imports have jumped from 100,000 tons in 1967-68 to an expected 550,000 tons in 1972-73, and are likely to continue to climb at a similar rate. In 1971-72, imports are estimated at 450,000 tons, with 400,000 tons coming from the United States and the balance from Canada; in addition, about 25,000 tons of flour were imported.

The demand for bread has risen dramatically because of the rapidly rising costs of traditional foods and rapid urbanization. The price of flour is controlled—because it is relatively easy to control—while other food prices have been allowed to go up. Bread is rapidly becoming a status food, which consumers are increasingly aware of and capable of buying.

The demand for flour is rising 10 to 15 percent annually. Flour has been in scarce supply because Nigeria's only mill and its flour imports have not been able to keep up with demand.

Mill capacity is being expanded rapidly. Flour Mills of Nigeria in Lagos, the country's only operating mill until 1972, is increasing its annual capacity for wheat to 600,000 tons, making it one of the largest flour mills in the world. Two new mills are beginning production in 1972, which will raise total annual mill capacity to 750,000-800,000 tons of wheat by 1973. However, anticipated demand will soon exceed even this expanded capacity.

The baking industry is not modern. One company in Lagos has several large bakeries. Throughout the rest of Nigeria, there are said to be only 54 bakeries with electric ovens and simple mixers. The rest of the bread baking is done in backyard clay ovens with hand mixing.

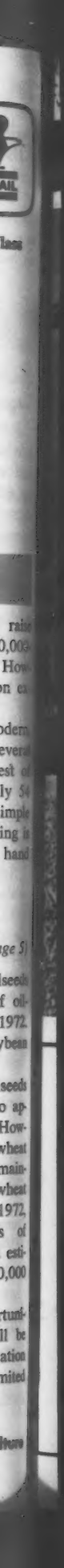
Mexican Market for U.S. Products *(Continued from page 5)*

ative efforts by the Holstein Friesian Association and the office of the U.S. Agricultural Attaché, Mexico City, to demonstrate the records' importance.

A number of breed associations have cooperated with FAS in stepping up market development activities.

Among these activities is participation in 1972-73 in four livestock shows —a dairy promotion at the Torreón Agricultural Fair, held in September of this year; a beef and dairy promotion at the National Livestock Show, Mexico City, during October-November; a dairy promotion at the Querétaro Fair in December; and a swine and dairy promotion at the León Fair in January 1973.

Accompanying the development of a larger livestock industry is an expanded need for feed ingredients. Mexico is attempting to produce more oilseeds domestically; however, imports of oilseeds can still be expected in 1972. Moreover, larger imports of soybean meal are already seen for 1972.

To increase production of oilseeds and other feed ingredients, Mexico appears to be deemphasizing wheat. However, Mexican consumption of wheat meanwhile continues to increase, mainly because of expanded use of wheat for animal feed. During fiscal 1972, Mexico imported 400,000 tons of wheat from the United States, and estimates now are for imports of 550,000 tons in fiscal 1973.

Aside from these specific opportunities, imports in the long run will be encouraged by the rapid population growth, higher incomes, and limited agricultural resources.